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SUMMARY RECORD OF THE 16th MEETING

Held at Headquarters, New York,
on Wednesday, 5 June 1991, at 10 a.m.

President: Mr. PIRIZ-BALLON (Uruguay)

later: Mr. JASINSKI (Poland)

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The meeting was called to order at 10.20 a.m.

SENIOR MANAGEMENT STRUCTURE (DP/1991/50 and Add.1, DP/1991/51 and DP/1991/62)

PROGRAMME PLANNING (continued)

(c) SUPPORT COSTS: SUCCESSOR ARRANGEMENTS (DP/1991/25 and DP/1991/27)

1. Mr. DRAPER (Administrator), introducing the report entitled "A Strategy-Based Senior Management Structure for the United Nations Development Programme (UNDP)", prepared by the consulting firm of Kienbaum & Partners (DP/1991/50), said that he endorsed the broad thrust of the report. The strategy-based structure proposed was largely consistent with UNDP's own conclusions and with initiatives already under way. He endorsed the view stated in the report that the Associate Administrator should continue to function as the Administrator's alter ego. He also agreed with the report's position on the number of Assistant-Secretaries-General and its suggestion that the proposed structure would support between seven and nine ASGs.

2. He also supported the idea of creating a Strategy Group and a Bureau for External Relations and said that he proposed to proceed with their establishment. He endorsed the principle that the Human Resources Division should continue to report directly to him. Seventy per cent of UNDP's administrative budget was spent on its human resources, and the management of those resources was of vital importance at a time of change. While the start-up structure for the Division proposed in the report was consistent with his proposal in the budget, he did not endorse the concept of transferring the administrative functions of the Division to the Bureau for Finance and Administration (BFA). That would undermine initiatives already under way to outpost regional personnel functions and staff to the four Regional Bureaux. It would also sever critical links with other personnel management activities and policy initiatives. Furthermore, in the framework of the United Nations common system, the UNDP Policies and Compensation Section played a role in the development of human resource policy throughout the system and sub-issues therefore should be handled by the Human Resources Division.

3. The recommended establishment of a Programme Development Support Division was consistent with the proposals he had outlined in the budget. However, downgrading the level of the programme cluster directors to the D-1 level would send the wrong signals. To seize the challenges presented by Council decision 90/34 required the most seasoned, dynamic and innovative programme developers available.

4. In recognition of the increasing importance of issues relating to women in development, new institutional arrangements had been introduced entrusting programme support responsibilities to all Bureau for Programmes and Policy staff, particularly the Assistant Administrator. Training in issues pertaining to women in development would be provided to staff, and staff

performance appraisal would include gender-sensitivity as a standard requirement. The Division for Women in Development would continue to monitor the implementation of the relevant mandates, assist in policy development and fulfil its other responsibilities. The new arrangements reflected his determination to ensure that principles of equity and developmental efficiency were upheld in all of UNDP's work.

5. He endorsed the proposal to relocate the United Nations Sudano-Sahelian Office, the United Nations Capital Development Fund and the United Nations Fund for Science and Technology for Development/United Nations Revolving Fund for Natural Resources Exploration in the Bureau for Programmes and Policy. However, transferring staff from within the Funds to the Regional Bureaux would mean dividing well-integrated teams in each Fund and would not be practical. He recommended that the United Nations Volunteers (UNV) should be associated with the Bureau for Programmes and Policy, as UNV should not be viewed solely as a resource element in programme implementation. For legislative and historical reasons, the Special Unit for Technical Cooperation among Developing Countries (TCDC) and the United Nations Development Fund for Women (UNIFEM) should continue to report directly to him.

6. General Assembly resolution 44/211 and Governing Council decision 89/20 had made it incumbent upon UNDP to decentralize. He and his top managers therefore attached particular importance to the proposal to create the new position of Division Manager. The Regional Directors, working through the Division Managers, would provide improved service to member countries. The Division Managers would convey to the field the programme ideas developed by the Bureau for Programmes and Policy and would work with subregional clusters of Resident Representatives, directing human and financial resources where needed, providing training and encouraging the sharing of experience among programmes and the various subregional field offices. On the basis of his experience with the Action Committee, he believed that Division Managers, by providing hands-on support to field offices, would be able to improve programme quality and speed up programme delivery. The Division Managers should be seasoned field managers and command the necessary authority to become the first supervisory officers for field offices. As rightly pointed out in the Kienbaum report, it was not possible for a Regional Director to exercise effective control over 24 to 42 Resident Representatives. The Division Managers should be responsible for 8 to 10 countries, depending on programme size and other factors, which meant that a maximum of 14 Division Managers were needed. The Deputy Directors of the Bureaux would take on direct responsibility for the Regional Programmes.

7. Once that strengthened management structure was in place and the Division Managers had been appointed, he planned to increase the project approval authority of Resident Representatives to $1 million, that of Division Managers to a level of $2 million and that of Regional Bureau Directors, to $3 million. The Action Committee would consider projects at higher levels.

(Mr. Draper)

8. Decentralization would also be enhanced by the approval of nationally-executed projects by Resident Representatives and headquarters on the same terms as projects executed by the agencies or the Office for Project Services. Consequently, the Action Committee should continue to focus on more complex or policy-laden programmes and projects, advisory notes, country programmes and mid-term reviews. Authority and responsibility would thus shift to the Regional Bureaux and the field offices as part of the continuous process of decentralization. That change would be fully justified once the Division Managers were in place. Since he was convinced that the Division Managers should be appointed soon, he planned to implement the appropriate arrangements prior to the meetings with field officers scheduled for September 1991, and would report on the arrangements to the Governing Council in February 1992. No increase in budgetary resources would be required.

9. He was in agreement with the continuation of the current profile of the Bureau for Finance and Administration. The need for the Bureau to be headed by an Assistant Secretary-General related as much to the intrinsic significance of the functions as it did to the span of control.

10. The treatment of the Office for Project Services by Kienbaum was one of the weaker elements of the report. It did not constitute a proper review and fell far short of the detailed management review of the Service conducted a few years earlier. He therefore did not propose to subject OPS to yet a further reorganization.

11. The "grand strategies" proposed in the Kienbaum report were in great measure a reinforcement of the process of change started five years earlier within UNDP. Strategy development in such areas as United Nations leadership, human development leadership, thematic leadership, concentration on the least developed countries, and intellectual leadership was in constant evolution, and dialogue was under way at all levels on a statement of purpose for UNDP. Of the four options in the report, "strategic decentralization" offered the best opportunity to ensure the highest quality service at the field level. Field authority would be reinforced while maintaining the necessary standards of accountability, another crucial role for the Division Managers.

12. Turning to the question of support cost successor arrangements, he said that the documentation before the Council (DP/1991/25 and DP/1991/27) contained a detailed set of proposals which represented the culmination of joint efforts by the agencies and UNDP over a period of several months. Highlighting the major proposals in document DP/1991/25, he noted that an overview was provided of the financial implications of Governing Council decision 90/26 covering all the provisions of the successor arrangements in the context of resources.

13. Details were provided on the rationale for and purposes of the technical support facilities established by that Council decision. In response to requests by several delegations at the Council's special session in February,

(Mr. Draper)

data had been compiled on all currently available technical facilities in the United Nations system, placing technical support services at the programme level (TSS-1) and technical support services at the project level (TSS-2) in perspective and showing the gaps in the existing arrangements. The picture that emerged highlighted in particular the catalytic role that TSS-1 could and should play to bring together sectoral studies and analyses carried out under the regular programmes of the agencies and from other sources, including indicative planning figures (IPFs). Similarly, the need for TSS-2 to enhance the quality of technical implementation of projects emerged clearly. The data also identified the various stages of the project cycle, particularly the project monitoring stage, to which the resources of TSS-2 should be directed to achieve maximum impact.

14. As to the management of those facilities, UNDP proposed making them field-oriented and field-directed, again in the interests of decentralization. Since those facilities could be used effectively only if they were demand-driven, he had proposed that the work programme for TSS-1 should be guided by needs identified and articulated by Governments, through the United Nations Resident Coordinator, the United Nations team in each country and participating agencies. Approval of TSS-2 resources should be delegated to UNDP Resident Representatives in proportion to IPF resources. The establishment of those technical facilities was an innovative feature of the new arrangements and should help enhance technical monitoring of projects, build capacity in Governments for national execution and help all partners discharge their accountability more effectively.

15. Turning to administrative and operational services (AOS) for projects, he invited the Council to indicate which of the two methods of reimbursement for such costs presented in document DP/1991/25 should be adopted. The first model required payment of all such costs for all agencies from the IPF sub-line, including small agencies not participating in the current regime; the other model did so only in the case of agencies subject to the new regime, while the other agencies would be paid from central resources. The magnitude of the resources transferred to the IPF sub-line would of course depend on the option chosen by the Council.

16. With regard to the cost survey for the five major agencies and the establishment of differential rates for the charging of administrative and operational services (AOS), he said that consultants had prepared an interim report on the subject containing preliminary estimates, for each of the five agencies, of AOS costs relating to several specific clusters of services. While the data had been collected on a sampling basis and certain refinements still needed to be made before they could be used for operational purposes, the methodology used by the consultants was sound and the data currently available were valid in orders of magnitude.

17. A cost survey of the Office for Project Services (OPS), similar to the one conducted for the five major agencies, was in progress and the results

(Mr. Draper)

were expected shortly. On the basis of initial data it had been determined that the rate of reimbursement to OPS should be reduced from the current level of 11 per cent to 10 per cent under the successor arrangement. He was pleased to note that the World Bank Group had already agreed to such a reduction. That action had been taken in the spirit of enhancing the strategic relationship between the two organizations. The savings generated by those rate reductions would accrue to the benefit of the developing countries. He hoped that the Governing Council would endorse the proposals relating to successor arrangements at the current session.

18. Mr. DE GROOT (United Nations Industrial Development Organization), speaking on behalf of the Food and Agriculture Organization of the United Nations, the International Labour Organisation, United Nations Educational, Scientific and Cultural Organization, the United Nations Industrial Development Organization, the World Health Organization, the World Intellectual Property Organization and the World Meteorological Organization, said that he wished to highlight the main concerns of the agencies on the question of successor arrangements for agency support costs, while recognizing that detailed consideration of issues pertaining to individual agencies would take place in the discussions scheduled for 13 June. He reiterated the importance of those discussions and of the impact which the Governing Council's decision would have on the agencies and UNDP, primarily in terms of how the organizations in the United Nations system would cooperate in the future to support Member States through operational activities.

19. The agencies welcomed the renewed emphasis on technical expertise and substantive involvement in operational activities and the revitalized tripartite relationship that was expected to bring about. The Council's framework decision (decision 90/26) offered the potential for a system of cooperation between national authorities and the United Nations system and related reimbursements that would strengthen the cohesion of the system and improve contributions to Member States. However, the decision could also be elaborated into a system which did not utilize that massive potential or which, in fact, had a negative impact on the tripartite system.

20. The constructive spirit of the intensive discussions between UNDP and the agencies was reflected in the progress made in developing the information requested at the special session in February and in narrowing the differences of views on various components of the successor arrangements. However, certain aspects of the proposals made in the Administrator's report (DP/1991/25) did not respond in the optimum manner to the letter or spirit of Council decision 90/26. Those included the proposals for the management and level of the TSS facilities and the proposed distinct treatment of, inter alia, the Office for Project Services, and the overall complexity of the arrangements.

21. Those and other concerns had been addressed in a paper which was available to delegations. The agencies stood ready to respond to any

(Mr. De Groot, UNIDO)

questions and looked forward to a clear and positive decision on the successor arrangements.

22. Ms. MILLS (Deputy Controller, Office of Programme Planning, Budget and Finance) said that the United Nations had a number of concerns about the implications of Governing Council decision 90/26. Pursuant to that decision, the United Nations Department of Technical Cooperation for Development (DTCD) would come under the new regime, while other United Nations offices would have the option of continuing under the current arrangements. The United Nations was a single organization, with one administration, one regular budget and one set of financial regulations. Among the issues raised in consultations concerning the proposed arrangements were the question of the respective roles of the UNDP Governing Council and of the General Assembly in decisions affecting the United Nations regular budget; the respective roles of funding agencies, executing agencies and Governments in tripartite arrangements; and the question of which intergovernmental body had the authority to decide on the nature and the extent of United Nations involvement in operational activities.

23. That involvement was marked by a number of special qualities, including universality, political neutrality, commercial disinterestedness and accumulated technical expertise and administrative experience. However, Member States were entitled to decide whether the United Nations should reduce, refocus or eliminate its operational activities. If Member States decided to change the current balance between the regular United Nations budget and extrabudgetary funds for such operational activities, they must also ensure that the sum of United Nations resources was adequate for the tasks assigned, that systems for providing the resources were workable and that there was sufficient predictability to allow for planning and adjusting to changing demands. The United Nations was working not to resist change, but to devise a system under which change could be planned and managed constructively.

24. The United Nations disagreed with some of the conclusions and recommendations in the Administrator's report on support cost successor arrangements (DP/1991/25). With respect to technical support services at the programme level (TSS-1) and technical support services at the project level (TSS-2), resources to be earmarked for TSS-1 should not have been included in comparisons between current income and the successor arrangements, since TSS-1 was a new facility. The United Nations expected full compensation from UNDP for any TSS-1 activities it was requested to carry out. In contrast, it was doubtful that the resources allocated for TSS-2 would be adequate to enable the United Nations to fulfil its project monitoring and technical backstopping responsibilities, unless Member States increased regular budget resources to compensate for decreased UNDP support for such activities. The shifting of resources from TSS-1 to TSS-2 within an overall ceiling of $124 million was an inadequate response to the need for technical services in developing countries.

(Ms. Mills)

25. The proposed "two-track" system for the reimbursement of administrative and operational services costs would result in problems for both DTCD and the other United Nations offices which were executing agencies. Section IV of the report contained a discussion of the problems and disadvantages of charging part of the smaller agencies' 13 per cent reimbursement for support costs to individual country indicative planning figures (IPFs) instead of paying them from a centrally managed pool of resources. Many of the disadvantages cited would also apply to the agencies that would come under the new system for payment of AOS costs.

26. The preliminary results of the cost survey and establishment of differential rates for clusters of AOS services would require considerable refinement before any valid preliminary cost rates could be produced. There was a significant difference between the actual cost rates and the reimbursement rates, which were subject to an overall ceiling of 10 per cent regardless of the executing agencies' actual costs. That arrangement could necessitate a larger subsidy from the United Nations regular budget than had been considered acceptable by Member States to date.

27. The United Nations fully supported the Administrator's proposal to extend the flexibility provisions applicable to small agencies to eight United Nations offices which were also small executing agencies. The United Nations also shared the concerns of agencies, reflected in paragraph 73 of the report, regarding currency fluctuations.

28. Since the management of change required a certain degree of predictability, and much uncertainty remained in many aspects of the proposed successor arrangements and their impact on probable earnings, the United Nations did not agree with the conclusion in paragraph 81 of the report that additional transitionary measures were unnecessary. However, the United Nations would continue to work with all the parties concerned towards a mutually satisfactory solution.

29. Mr. LINCOLN (World Meteorological Organization) said that although his statement represented the position of the World Meteorological Organization (WMO), it also reflected the views of other small technical agencies. Since the needs of developing countries always exceeded the resources available for assistance, the WMO technical cooperation programme depended on the reimbursement of support costs. In previous years, when the currency exchange rate had been favourable, WMO had not always required all of the available support cost reimbursement funds. However, since small technical agencies had no protection from the current fluctuations in exchange rates, they were obliged to supplement the cost of administering UNDP projects at the expense of important aspects of their regular technical programmes. In principle, however, at least the identifiable expenses incurred by WMO should be reimbursed in full, especially since it had always provided scientific and technical support to projects on the basis of partnership.

(Mr. Lincoln, WMO)

30. With respect to the specific points under consideration, his delegation fully supported the increase in the upper limit of flexibility to adjust for inflation; opposed the option of negotiating support cost reimbursements on a project-by-project basis, since WMO had no country representation with whom to negotiate the reimbursements; and believed that protection against the adverse effects of currency fluctuation should not incur net cost over time for the system as a whole. The predictability of reimbursement was a major concern of all technical agencies. The final agreement should be balanced and fair to all partners in the tripartite arrangement of technical cooperation.

31. Ms. KARRE (Sweden) noted that the new support cost system laid down in Governing Council decision 90/26 had been envisaged as a step towards implementing major changes in United Nations operational activities, but the Council seemed to have lost sight of the goals and principles of that decision. Any decision on support costs must clearly define the services to be rendered under the new system and cost calculations must be based on the substance of the programmes. Her delegation could not accept any agreement on support costs which involved an automatic advance distribution of resources. It was prepared to participate constructively in the discussions on the understanding that the Council adhered to the long-term goals of the reforms.

32. Mrs. DUDIK GAYOSO (United States of America) said that the new system of support cost arrangements for major sectoral agencies was intended to correct long-standing problems in the technical assistance provided by the United Nations system by reducing or eliminating incentives for agencies to maximize project volume at the expense of project quality and by encouraging agencies to strengthen their analytical and technical support capacities at the programme and project levels. It was also intended to encourage and facilitate national execution of projects.

33. The participation of agencies in development cooperation activities had been a source of strength for the entire United Nations system. While UNDP remained the system's principal development assistance organ, its capacity would continue to depend on the complementary relationship between UNDP-financed technical cooperation activities and the regular programme activities of the major sectoral agencies. The new support cost arrangements were a principal means of restructuring the tripartite system, and the central funding role of UNDP must reflect the evolution of project financing and execution modalities over the previous 20 years. It was essential that UNDP should maintain a critical minimum of funding for agency support of upstream activities that were not already covered by support cost arrangements and for greatly improved technical support of downstream project-related activities. The principle of cost sharing between UNDP and agencies, contained in decision 90/26, should be borne in mind in working towards the definite decision which the Administrator had requested.

34. Mr. TAL (Director, Planning and Coordination Office) said that he wished to clarify two issues raised in the informal paper on the views of the United

(Mr. Tal)

Nations concerning successor arrangements for support costs. Although the paper referred to "difficulties" regarding acceptance by UNDP of the position of the United Nations Controller as the focal point of communications, in fact UNDP had always followed the advice of the United Nations in the matter without disagreement. As for the alleged opposition by UNDP to the proposal to engage consultants to carry out the cost survey, he said that the issue of the survey had been raised by UNDP. UNDP had then proceeded, in consultation with the agencies, to contact the consultants proposed by FAO and to establish the terms of reference for the survey.

35. The PRESIDENT, in reply to Mr. JOMAA (Observer for Tunisia), said that he would consult with the other members of the Bureau on whether it would be appropriate to invite the Chairman of the Advisory Committee on Administrative and Budgetary Questions to introduce the Committee's report (DP/1991/62).

36. Mr. van ARENDONK (Deputy Executive Director for Programme, United Nations Population Fund), replying to the questions raised during the debate, said that UNFPA and the Executive Director viewed their primary task as one of assisting countries to achieve self-reliance in the development of their population policies. The Fund was a development agency whose objective was to transfer technical knowledge and know-how. There were a number of problems involved in the provision of technical assistance through the United Nations system, which was the reason changes were being proposed.

37. The proposed new system concerning agency support costs for UNFPA outlined in document DP/1991/35 would consist of four partners: UNFPA, recipient countries, United Nations agencies and non-governmental organizations. The proposal was in accordance with the instructions given in the relevant Governing Council decision and General Assembly resolution and was the outcome of one and a half years of examining various models, including that of the United Nations Children's Fund (UNICEF). The possibility of using the private sector had also been considered. Furthermore, the proposal had not been developed in isolation. It was based on the experiences of the field offices in a number of countries and on consultations with Governments and non-governmental organizations. UNFPA had held lengthy consultations with UNICEF, UNDP and WHO, and had requested them to seek new ways of providing technical assistance.

38. Since a number of valid questions as to the real content of the proposal remained to be answered, detailed terms of reference had been issued for each of the parties thereto. Two of those parties were of strategic importance: the country director and the team leader. While the team would be coordinated and managed by the UNFPA team leader, team members would be technically backstopped by the United Nations agencies which had the competence and know-how to help them. The leader would be in contact with the respective country directors, agency headquarters and UNFPA. The objective was to provide quality technical assistance at the right time and in the right place without too much delay. The positioning of teams in various locations would be discussed in detail at a later time.

(Mr. van Arendouk)

39. With regard to the monitoring of the system, a task force had been established, to be presided over by the Deputy Executive Director (Programme). The task force would report to the Executive Director. The system would be phased in gradually, and it was the Fund's intention to report to the Governing Council during the system's third year of operation.

UNITED NATIONS POPULATION FUND (continued)

(a) ANNUAL REPORT OF THE EXECUTIVE DIRECTOR FOR 1990 AND PROGRAMME-LEVEL ACTIVITIES (continued) (DP/1991/28 (Parts I-III) and 30-35)

40. Mr. URBINA (Observer for Mexico) said that the participation of his delegation in the consultative group on contraceptive requirements was important because Mexico ranked fifth among developing countries with respect to the number of users of contraceptives (8.4 million). His delegation fully agreed that there was need for more intensive studies of contraceptive requirements on a country-by-country basis. Such studies would be useful in estimating logistical and contraceptive requirements in selected countries.

41. The proposal to support the local production of contraceptives in certain developing countries was particularly relevant. Priority should be given, to the extent possible, to supporting national enterprises with a view to facilitating a broad transfer of technology in that field. On 4 June 1991, Mexico had signed an agreement to begin the production of Cyclofem, a new monthly injectable contraceptive developed by WHO in cooperation with other countries, including Mexico; that contraceptive method would be of central importance to Mexico's family planning programme.

42. The establishment of a coordinated procurement mechanism in UNFPA should make available to developing countries the best contraceptives at the lowest possible prices. However, in view of the extraordinary complexity of a logistical system of that size, the proposal should be examined in greater detail and further developed before it was implemented.

43. Miss HASSAN (Observer for Egypt) said that her delegation hoped that the Executive Director's report on contraceptive requirements (DP/1991/34) would be updated in the light of the views expressed at the recent meeting of the consultative group. She agreed with the representative of Mexico that the proposal on the coordinated procurement mechanism required further thought.

44. Mrs. RIVARD (Canada) said that the projections of contraceptive needs should be further developed and refined at the country level. Her delegation fully supported the establishment of smaller groups to carry out country-specific studies, and it was pleased to see that the Fund was including a broad range of related elements in its cost estimates.

45. While the idea concerning a coordinated procurement mechanism was a very interesting one, further details would be required, including regarding how the Fund's procurement facilities would cooperate with others involved in

(Mrs. Rivard, Canada)

procuring contraceptives for the developing world. The Fund should perhaps consider using contractual services rather than expanding its own staff.

46. Canada supported the Executive Director's request to set up a consultative group and expressed interest in becoming part of the group. That initiative would help meet the challenge of consolidating the gains of the past and making quality family planning services more available. The consultative group could assist UNFPA in reviewing options for expanding the Fund's procurement facilities. The Fund should provide the Governing Council with specific information regarding the proposed expansion.

47. Mr. Jasínski (Poland) took the Chair.

48. Mr. ALISON (United Kingdom) said that his country agreed with the general conclusion of the recent meeting of the consultative group that the next step was to conduct more country-specific work under arrangements satisfactory to all parties. That exercise involved the expansion of resource mobilization and the strengthening of the efficiency and effectiveness of programme implementation and could lead to alternative models of technical assistance. Good inter-agency cooperation had been achieved in the area of logistics. Finally, his delegation endorsed the comments made by the representative of Canada on procurement arrangements.

49. Mrs. KRAUER MULLER (Switzerland) asked the Administration to clarify the function and composition of the consultative group as well as its institutional relationship with UNFPA and the Governing Council.

50. Ms. PRADEL (Germany) questioned the need for projections of contraceptive needs and costs. In countries where the market mechanism of supply and demand was fully operational there was hardly any need for such projections, while in countries where consumer demand had no influence on the market, institutions should collect information on existing demands and report them to their purchasing units. It was precisely in the areas of data collection and reporting that projections were needed. Germany fully supported the strengthening of national capacities to deal with such tasks. There was no need for a central administration to undertake such costly surveys each year. A central information system that provided countries with incentives to develop their own needs assessment procedures and that shared its information with all countries, including their private sectors, could improve national activities.

51. Once the developing countries had the capacity to estimate their own contraceptive requirements, they could enter the world market and articulate their demand. Since demand in many developing countries was high, those countries would be in a position to influence world market prices of contraceptives. Small developing countries with limited purchasing power could combine their demand with other countries in order to strengthen their position.

(Ms. Pradel, Germany)

52. The next step was the funding of developing countries' demand for contraceptives. In that regard, contraceptive requirements exceeded the financial possibilities of developing countries, and there was a real need for additional funding. Such funding could be provided either by traditional mechanisms or by the World Bank or other lending institutions.

53. Her delegation strongly supported the idea of encouraging local production of contraceptives, provided that international standards were guaranteed so that the health of women in developing countries was not impaired. Small developing countries, for which local production might not be profitable, could consider establishing regional markets.

54. In some cases, the use of traditional medicine might be detrimental to the urgent need to bring population growth into harmony with existing natural resources and social and economic conditions. In any case, both women and men in developing countries should have access to the same effective and safe contraceptives as women and men in developed countries.

55. The channels of contraceptive distribution in developing countries should be carefully analysed. While the integration of all distribution modes into one national system might be helpful, that might, in some cases, impede the innovative power of non-governmental organizations and the private sector. Each developing country must decide whether it favoured such a national system or whether it favoured internal competition for the best distribution channel.

56. Mr. KABIR (Observer for Bangladesh) said that his delegation supported the proposal to analyse and refine the study on contraceptive requirements, taking into account the situation prevailing in different countries. Bangladesh underscored the importance of local production in the developing countries and looked forward to continuing its cooperation with UNFPA in that area.

57. Mr. KITATANI (Deputy Executive Director for Policy and Administration, UNFPA) introducing the work plan for 1992-1995 (DP/1991/30), said that it was based on annual increases in funding of only 10 per cent. It had been estimated that the Fund's income would reach $262 million in 1992, $288 million in 1993, $317 million in 1994 and $349 million in 1995, for a total of about $1.2 billion for the four-year planning period.

58. The next step was to decide how to make use of those resources. Until 1990, UNFPA had used its programmable resources for country and intercountry activities. Overheads to executing agencies had not been paid from programmable resources but had been included together with the administrative and programme support services budget in the separate category of operational costs. In keeping with the proposal on successor arrangements for agency support costs, that system would be changed. Agency overheads would be reduced from 13 per cent of project delivery to about 6 per cent; they were being renamed "indirect administrative services" and included in the category of "programmable resources". The concept of "technical support services" was

(Mr. Kitatani)

being introduced; those services, estimated at about $90 million for 1992-1995, were for regional technical advisers who had previously been budgeted under regional activities.

59. Total programmable resources would rise by about 13 per cent, from $854 million in the 1991-1994 period to $965 million in the 1992-1995 period. Country activities would rise by 12 per cent, from $580 million in 1991-1994 to almost $650 million in 1992-1995. The percentage of total programmable resources remained almost the same, namely, 67.9 and 67.2 per cent. Finally, regional activities in 1992-1995 would no longer include regional advisory services, since they had been included in technical support services. The overall proportion of intercountry activities therefore would decrease from 24 per cent in 1991-1994 to 18.5 per cent in 1992-1995.

60. Additional statistical information on the work plan was contained in document DP/1991/31, which dealt with the financial implementation of all programmes approved by the Governing Council. It was worth pointing out that the balance of commitment of Council-approved programmes amounted to about $322 million, and UNFPA was proposing new country and intercountry programmes of about $337 million. If the Council approved those programmes, more than half of all country resources for 1991-1994 and all intercountry resources for 1992-1995 would be committed.

61. Mr. NIKAI (Japan), referring to the status of financial implementation of Governing Council-approved UNFPA country programmes and projects, said that in some cases expenditure had exceeded the amount approved by the Council. Although it was not his intention to discourage the Fund's efforts to increase programme delivery in any country, the overspending was none the less regrettable. If UNFPA had found it necessary to increase the resources allocated to particular countries, it should have requested a revised authorization. Furthermore, the amount overspent should not be taken into account in calculating the total resource delivery rate. He would appreciate further clarification of those matters.

62. With regard to the work plan for 1992-1995, while his delegation deemed it to be generally acceptable, some questions remained to be answered. With regard to the utilization of resources in 1990, his delegation had serious difficulty in accepting the concept of deficit carry-forward, which would render programme expenditure authority meaningless. It was contrary to one of the Fund's basic principles, namely, that expenditures under the work plan should not exceed the resources available, as stated in the Fund's financial regulation, and had not been discussed at the 1988 session of the Council at which the concept of programme expenditure authority had been adopted.

63. His delegation felt that the projected 10 per cent annual increase in income was overly optimistic. It was also regrettable that the projected 6 per cent increase in the administrative and programme support services budget was not reflected in the budget for those services proposed for the biennium 1992-1993. As to the distribution of programme resources, Japan felt

(Mr. Nikai, Japan)

that the share of expenditures for country programmes should be greater than 70 per cent, as in 1990, and would appreciate knowing why that had not been achieved.

64. Concerning the regional distribution, while accepting the relative increase in programmable resources for Africa, he failed to understand why the Asia and Pacific region's share had declined, when there were still 16 countries in the region to which priority was being given, while the shares of other regions had not. There appeared to be a lack of transparency with regard to the distribution of resources to that region.

65. Mr. HERNAR (Observer for Norway) said that the Fund's rolling four-year work plans reflected its overall financial situation and priorities. In taking into account the Fund's review and assessment exercise, and the Amsterdam Declaration on A Better Life for Future Generations, it might be advisable to convert the work plan into a more policy-oriented document which would better indicate the Fund's future priorities and goals. He urged UNFPA to consider that possibility, as it would enable Member States to discuss the Fund's strategy and future direction on the basis of the rolling four-year work plans.

66. His delegation had noted that the work plan for 1992-1995 referred only to those activities that were funded from general resources. Since general resources had hitherto constituted more than 95 per cent of the total, that approach was acceptable. However, it would be desirable for UNFPA to include multi-bilateral programming in its planning procedures at all levels, especially as it was endeavouring to increase such funding, as well as other mechanisms, in the future. The income projections in the work plan were based on recent trends in the growth of the Fund's resources. While such an approach to resource planning might be optimistic, his delegation supported it, and endorsed the recommendations in document DP/1991/30.

67. Mr. MOYE (United Kingdom) said that his delegation fully supported the proposed work plan and appreciated the extensive information provided. He, too, had noted that, in some cases, expenditure had exceeded the approved authorization. While his country did not wish to encourage financial irresponsibility, it was aware that donors also expected UNFPA to fully utilize the resources available, and that it must have some flexibility in that regard.

68. He endorsed the proposal to set the level of the operational reserve at 20 per cent of estimated income for each year. With regard to the percentage of programmable resources allocated to country activities, he wondered whether there might not be a need to increase the resources in that area, even at the expense of certain intercountry and interregional projects. As could be seen from some country programmes, the Fund did not have sufficient resources to commit as it wished, and had expressed the need for more multi-bilateral funding.

69. Ms. MAGUIRE (United States of America) said that her delegation endorsed the work plan for 1992-1995 and the specific recommendations in paragraph 35 of document DP/1991/30.

70. In reviewing the information on recent trends in UNFPA resources, her delegation had noted with satisfaction that a gradually increasing percentage was being allocated to country programmes, and especially to Africa.

71. Less encouraging was the decline in the proportion of UNFPA resources devoted to family planning activity. Her delegation strongly believed that the expansion and strengthening of family planning services remained the most important challenge for the 1990s. Donors and Governments alike would need to redouble their efforts in order to expand the number of public and private facilities offering quality family planning services, to train additional delivery personnel and to provide the contraceptives needed to stock those facilities. The United States Agency for International Development remained firmly committed to that vision and looked forward to working closely with UNFPA, other donors and national Governments in making family planning services readily available to all couples who sought them.

72. Mr. SAHLMANN (Germany) said that his delegation supported the work plan and agreed to the regional distribution of resources. However, the question of available resources should not be dealt with in an overly optimistic manner. The Fund was encountering difficulties because income was lower than had been projected. In his delegation's view, the UNFPA Administration should endeavour to prevent that from happening. Overspending was a serious problem if it did not fall within an acceptable range, and that, too, should be monitored by the Administration. He also felt that the question of setting the level of the operational reserve at 20 per cent of estimated income could be dealt with by the Budgetary and Finance Committee.

73. Mr. PALMA (Observer for Mexico), referring to the work plan for 1992-1995, said that the proposed distribution of resources over the period was characterized by greater centralization than in previous years. From 1987 to 1990, the share of expenditures for country programmes had increased to 70.6 per cent of total expenditures. In contrast, for 1992-1995, the proposal was to reduce that percentage to 67.2 per cent. His delegation therefore supported the proposal made by the United Kingdom representative to increase the resources allocated to country programmes.

74. Drawing attention to document DP/1991/30, he said that the substantive areas of expenditure shown in table C were not mutually exclusive. For example, a project to improve the status of women could also support information, education and communication as well as family planning. While fully agreeing to the proposed distribution of resources, his delegation suggested that the functional categories should be revised to make them mutually exclusive, and that an indication should be given of the type of activities which should be developed in each category.

The meeting rose at 1.05 p.m.